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UNEMPLOYMENT INFORMATION SYSTEMS

A Series of Proposals Relating to the Initial Planning and Development of an Alberta Unemployment Information System

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Submitted to the Economic Planning Committee of Cabinet by the Department of Industry and Commerce

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September, 1972

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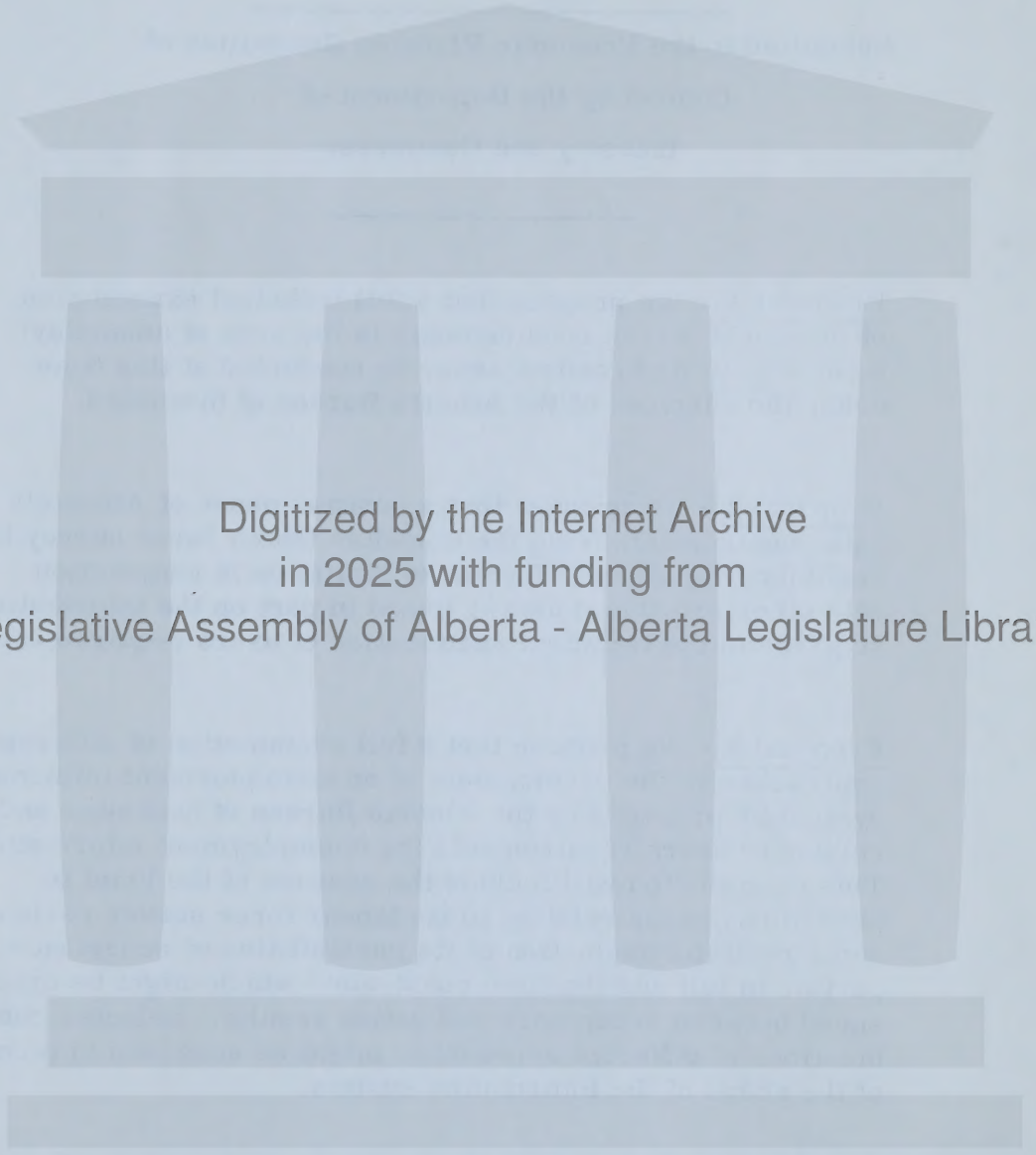
Proposal 2 - We propose that a position paper of Alberta's data requirements from the Canadian labour force survey be drafted by the Alberta Bureau of Statistics in conjunction with other provincial users, based in part on the information acquired in the technical examination of users requirements.

Proposal 3 - We propose that a full examination of different approaches to the development of an unemployment information system be prepared by the Alberta Bureau of Statistics and related to users requirements for unemployment information. This examination will include the essence of the brief to Statistics Canada relating to its labour force survey revisions, and a realistic evaluation of its possibilities of acceptance in part or in full and the time constraints which might be experienced between acceptance and action results. Selected combinations of different approaches might be assessed in terms of the needs of the information system.

Proposal 4 - We propose that all work be done with the knowledge and assistance of the Continuing Committee for the Coordination of Research and Statistics, and interested officials in government departments.



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A. Value of Unemployment Data

Unemployment data are key statistics to examining socio-economic hardship, to measuring manpower utilization and to studying economic trends and conditions. Relating unemployment to employability serves to complement the former and make data more useful for decision-making purposes.

B. The Population of Working Age, Labour Force Activity, Unemployment and Employability

Statistics Canada breaks the population of working age into two groups: those involved in labour force activity and those not involved in labour force activity. The population involved in labour force activity is then broken into two sub groups: the employed labour force, and the unemployed labour force. In general terms, the unemployed labour force is defined as persons without work and actively seeking work.

Conceptually, the unemployed labour force therefore, excludes all persons without work and not actively seeking work: indeed these people are excluded from the labour force by definition. This group comprises:

1. Individuals who have voluntarily withdrawn from the labour force and are not actively seeking work, but are willing to accept employment should a job opportunity be attractive enough, or are possibly planning to seek work in the future.

2. Individuals who may never have actually entered the labour force although they are of working age and would be willing to accept employment should a job opportunity be attractive enough, but are currently not actively seeking work.

3. Individuals who are unemployable and not actively seeking work.

4. Individuals who are not working nor willing to work.

Within the framework of these present definitions, two important conclusions can be drawn:

1. All unemployables are not necessarily included in the unemployed labour force (indeed most are probably not), and

2. The unemployed labour force may well not reflect the number of people who would accept employment or seek labour force activity, given certain circumstances and conditions.

The latter observation may be regarded as one of the chief factors accounting for fluctuation in the labour force participation rate (the ratio of labour force to population of working age) during the course of a year or for cyclical change in the participation rate over longer periods of time, and for the subsequent effect on the employment rate and unemployment rate in the economy.

C. The Proposition

Little is known statistically on a continuing basis about the composition and preferences of the unemployed labour force; of the population of working age not in the labour force but through time readily affecting the size and nature of the unemployed (and the employed) labour force; and of unemployables and their labour force or non-labour force activity. Consideration might therefore be given to filling this gap with an unemployment information system which would provide decision makers, planners and administrators with better objective data for their work.

Output from the final information system will be welded with surveys of opinions of prime business, community and labour groups such as Chambers of Commerce, labour councils, and development and business organizations, and of individual companies and operations as needed.

D. The Approach

There are a number of different approaches that may be taken to establish a more satisfactory statistical base for unemployment data. Five are specified below. Each approach or any combination of approaches, would allow a more comprehensive analysis and deeper penetration to assess

unemployment in relation to unemployables ... their location, skills, sex and age, or in more general terms, each approach or any combination of approaches would broaden the range of objective information available relating to the unemployed. Two of the five specified involve tie-ins with the federal government; three involve (major) new programs in the provincial government.

1. In conjunction with, or with the permission of, the federal government, to utilize the current operational and administrative records of the Canada Manpower Centre, and Unemployment Insurance Commission offices.

2. In conjunction with the federal government, to expand the present sample household labour force survey in order that reliable data on a broader plane in more subject areas might be compiled for Alberta.

3. To develop an Alberta Bureau of Statistics' capability for conducting sample household surveys and to utilize this capability for the generation of original data relating to provincial unemployment.

4. To establish provincial government labour exchanges and registration centres for the unemployed, and to utilize its administrative and operational records for studying numerous characteristics of the unemployed.

5. To work in co-operation with the Alberta Department of Health and Social Development in developing base information from social assistance programs.

E. Users Requirements

The initial step in choosing the best approach is to outline fully the needs of users for this new base of information in terms of type, detail and quality of data requirements. These users include a large

number of government departments and non-government agencies and operations, encompassing varied programs and having numerous purposes for unemployment data. It is imperative that the needs of all users be documented and organized in a completely neutral atmosphere without bias or foregone conclusion, and that the users are aware and believing of this attitude. Considering these circumstances and conditions, the Alberta Bureau of Statistics would appear to be the most advantageous agency of government to proceed on this project.

Users requirements might be defined in five main subject areas:

1. The "population" or field for which information is required, and coincidentally, the field for which information would be available.

2. The "variables" or informations needed for the population, and coincidentally, the informations which would be available for the population.

3. The "space" or geographic areas of concern.

4. The "time and frequency" of data.

5. The "reliability, nature and detail" of data needed from the system.

1. Population - Conceptually, the Statistics Canada labour force survey definition of the working population, and the breakdowns of working population by labour force activity, may be deemed unsatisfactory and

unacceptable by users. Alternatively, they may be quite workable if more information is or could be available in all population cohorts (such as the population not in the labour force for example).

2. Variables - The following may be seen as a number of the variables for which information might be gathered for the system's defined population, contingent to some extent on activity:

a) age
b) sex
c) education level
d) skill
e) student/non student
f) breadwinner/non breadwinner
g) new entrant/re-entrant
h) with or without source of income aside from labour force activity
i) drawing or not drawing social assistance
j) drawing or not drawing unemployment insurance
k) length of period in present group
l) occupational history
m) work preference
n) hours worked per week
o) number of jobs held at same time

The variables might also include inputs to determine causes of unemployment such as cyclical trends, technological shifts, structural changes, seasonal factors, frictional forces, or irregular circumstances.

3. Space - The geographic requirements of data or that is the need for provincial data and for certain sub provincial data may be different for alternative sets of variables.

4. Time and Frequency - The time and frequency requirements of data users may also be different for alternative sets of variables. The timeliness requirement for certain statistics may be more crucial than for others.

5. Reliability, Nature and Detail of Data - The reliability requirements in data will differ with the approaches available, and with the type and detail of information required from the system. The nature and detail of data could include for example, the need for flows of population between different groupings as well as the net effects of these flows, and the need for rate information aside from statistics in absolute figures.

> Proposal 1 - We propose that a full technical examination of provincial users requirements in the area of unemployment data in its broadest sense be conducted at this time under the auspices of the Alberta Bureau of Statistics.

F. Underemployment and Multiple Job Holding

An unemployment information system might also have built into it data on subjects tied very closely to unemployment such as underemployment and multiple job holding. A full documentation of these subjects should be considered within the scope of users requirements.

G. The Canadian Labour Force Survey

Changes are imminent in the federal government sample household labour force survey. A number of provincial government needs for labour force information are currently being served from this labour force

survey; the revisions and improvements in this system may lead to more and better information for provincial users; possibly all provincial users requirements can be met.

> Proposal 2 - We propose that a position paper of Alberta's data requirements from the Canadian labour force survey be drafted by the Alberta Bureau of Statistics in conjunction with other provincial users, based in part on the information acquired in the technical examination of users requirements.

H. Survey Cost Experience

The monthly labour force survey comprises about 3,000 households in Alberta and costs the federal government an estimated $50 per household or $150,000 per year. This cost does not include the planning and development stages of the survey.

I. Choosing the Best Approach

Each approach has its limitations and advantages, and none can be evaluated as the best approach to the system until the users requirements are fully defined, or that is until the full list of purposes to be served from this new base of information is established. If, for example, economic unemployment rates for very small areas of population concentration, such as towns, are deemed necessary, then statistical inference and the sample household survey approach is an impossibility, and the government labour exchange and registration centre approach or the C.M.C./U.I.C. approach would appear to be the best alternatives to choose between. Other limitations

may produce a major drawback in one (or both) of them.

A realistic assessment of federal government programs and of the possibility and probability of changes which may be required in federal government programs before they fulfill the data users requirements, might be considered. The C. M. C. records, for example, are not currently being used (publicly) for detailed labour force analysis, and it is known that not all of the unemployed use the C. M. C. for assistance or placement. Other limitations aside, however, the registrants at the C. M. C. offices may be representative of the unemployed and the registration form might be adequate for compiling the data required by users. How and whether the federal government would respond to cooperative work in this area is unknown.

It would appear that records in the social assistance programs of the Alberta Department of Health and Social Development could furnish valuable information particularly with regard to the degree and nature of unemployability in the population, although this cannot be presently traced to labour force activity if definitions of Statistics Canada are used.

In choosing the best approach, it may be desirable to select a combination of approaches to form the final information system, depending on the ultimate nature of users requirements. This alternative should be studied.

Proposal 3 - We propose that a full examination of different approaches to the development of an unemployment information system be prepared by the Alberta Bureau of Statistics and related to users requirements for unemployment information. This examination will include the essence of the brief to Statistics Canada relating to its labour force survey revisions, and a realistic evaluation of its possibilities of acceptance in part or in full and the time constraints which might be experienced between acceptance and action results. Selected combinations of different approaches might be assessed in terms of the needs of the information system.

J. Departmental Liaison

It is intended that all work in unemployment information systems will be developed in complete harmony and liaison with all government departments which have need to use unemployment data, and with all government programs which centre around socio-economic data. It may be desirable to frame an unemployment information system as part of a more complete and general program involving manpower utilization, social development studies, agrarian research and other current or proposed government socio-economic programs: this could be assessed by all concerned.

Proposal 4 - We propose that all work be done with the knowledge and assistance of the Continuing Committee for the Coordination of Research and Statistics, and interested officials in government departments.

TABLE 1

BASE POPULATION TABLE RELATING TO UNEMPLOYMENT, UNEMPLOYABLES AND THE LABOUR FORCE

	In Statistics' Canada Labour Force By Definition	Not in Statistics' Canada Labour Force By Definition	Total
1. POPULATION 14 YEARS OF AGE AND OVER	650*	650*	1,300*
2. UNEMPLOYED EMPLOYABLES Includes some welfare recipients, most unemployment insurance claimants, and people on no assistance but without job and actively seeking work. Excludes frictional unemployment.	25	7	32
3. HIDDEN UNEMPLOYED People, usually secondary workers, without job and not actively seeking work but willing to accept employment should the job opportunity be attractive enough or willing to enter the labour force should job opportunities appear to be available (primary workers in this group may be represented by some students for example).	-	60	60
4. UNEMPLOYABLES	2	24	26**
5. FRICTIONAL UNEMPLOYMENT Results from normal mobility	3	-	3
6. EMPLOYED	620*	-	620*
7. People, usually secondary workers, not with a job nor willing to accept a job.	-	559	559
TOTAL	650*	650*	1,300*

ALL DATA ARE PURELY HYPOTHETICAL

* - figure currently available from Statistics Canada

** - figure currently available from the Alberta Department of Health and Social Development. Includes a breakdown into unemployed employables and unemployables, but not by labour force activity. Recent data in this regard are the following:

unemployable welfare recipients	- 26,500
unemployed employable welfare recipients	- 6,000
total provincial and municipal welfare recipients	- 32,500

--→ attractive drift

TABLE 2 .

SOME DIFFERENT INTERPRETATIONS OF THE UNEMPLOYED

1.	Unemployed employables in the labour force (excluding the frictionally unemployed)		25
2.	Unemployed employables in the labour force	25	
	+ unemployables in the labour force	2	
	+ frictional unemployment	3	
	Total		30
3.	Statistics Canada unemployed		30
4.	Statistics Canada unemployed	30	
	+ unemployed employables not in the labour force	7	
	Total		37
5.	Statistics Canada unemployed	30	
	+ unemployables not in the labour force	24	
	Total		54
6.	Statistics Canada unemployed	30	
	+ unemployed employables not in labour force	7	
	+ unemployables not in the labour force	24	
	Total		61
7.	Statistics Canada unemployed	30	
	+ hidden unemployed	60	
	Total		90
8.	Statistics Canada unemployed	30	
	+ unemployed employables not in the labour force	7	
	+ unemployables not in the labour force	24	
	+ hidden unemployed	60	
	Total		121

ALL DATA ARE PURELY HYPOTHETICAL

TABLE 3

SOME DIFFERENT INTERPRETATIONS AND RELATIONSHIPS OF THE UNEMPLOYED AND THE LABOUR FORCE

1.	If the unemployed labour force includes only unemployed employables actively seeking work and the frictionally unemployed, and if all unemployables are excluded from the labour force, then:	employed unemployed labour force unemployment rate	620 28 648 4.32%
2.	Statistics Canada includes all unemployables actively seeking work in the labour force.	employed unemployed labour force unemployment rate	620 30 650 4.62%
3.	If the labour force includes all unemployables, then add 24 to both the unemployed and the labour force.	employed unemployed labour force unemployment rate	620 54 674 8.01%
4.	If the labour force includes all unemployables and unemployed employables not presently in the labour force, then add 31 to both the unemployed and the labour force.	employed unemployed labour force unemployment rate	620 61 681 8.96%
5.	If all of the hidden unemployed enter the labour force at the same time, and half become employed and half unemployed, then add 30 to both the employed and unemployed and add 60 to the labour force.	employed unemployed labour force unemployment rate	650 60 710 8.45%
6.	If the labour force includes all unemployables and unemployed employables not presently in the labour force, and if all of the hidden unemployed enter the labour force at the same time and half become employed and half unemployed, then add 30 to the employed 61 to unemployed and 91 to the labour force.	employed unemployed labour force unemployment rate	650 91 741 12.28%
7.	If the labour force includes all unemployables and unemployed employables not presently in the labour force, and if all of the hidden unemployed enter the labour force at the same time and none become employed, then employment remains constant, add 91 to unemployment and 91 to the labour force.	employed unemployed labour force unemployment rate	620 121 741 16.33%

ALL DATA ARE PURELY HYPOTHETICAL

Date Due

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